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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - June 29, 2007

11. The following are brief items of interest compiled by Embassy Minsk.

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International Relations

12. GOB and Russian FMs Discuss Union, Missile Shield

On June 28, Belarusian Foreign Minister Sergey Martynov and Russian Foreign Minister Sergey Lavrov held talks in Minsk on further integration of Russia and Belarus in the Union State and the Commonwealth of Independent States. The Russian minister expressed gratitude to Minsk for supporting Moscow's stance on the Conventional Armed Forces in Europe Treaty and the OSCE's reform and the GOB's cooperation within the Collective Security Treaty Organization and the Eurasian Economic Community. According to

Martynov, the ministers agreed to develop bilateral ties according to "two-year programs," the first of which would be prepared in the fall. Turning to U.S.-Russian relations, Lavrov claimed that the U.S. has "no objective need" for deploying missile defense systems in Eastern Europe and expressed hope that the United States would drop such plans. Lavrov noted that Russia and the GOB shared views on "issues that directly concern strategic stability."

13. Official Israeli Delegation Arrives in Minsk

On June 24, an Israeli Knesset delegation arrived in Belarus at the invitation of a group of Belarusian legislators who support increased cooperation between their two countries. They discussed cooperation on issues of social support, including the payment of pensions to Israeli residents who have emigrated from Belarus. The Israeli delegation also met with members of the Jewish community and visited historical locations in Belarus.

14. Vietnam Military Delegation Visits Minsk

On June 21, a delegation of senior military officials from Vietnam arrived in Belarus for a two-day visit during which they met with counterparts in the Belarusian Defense Ministry. Both sides stressed the historical military connections between their two countries and emphasized future cooperation in military development and training. The Vietnamese delegation, led by Chief of the General Staff and Deputy Defense Minister Nguyen Khac Nghien, also visited the Belarusian Military Academy, several army units, military research centers, and the "Stalin Line" WWII memorial.

15. Judges Reject Government Fines of American Volunteers

On July 21, a Minsk court overturned the fines levied on seven American citizens in Belarus by regional authorities and ordered retrials. The authorities fined and deported the Americans, who

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were in Belarus as volunteer English teachers at the invitation of a Protestant church, for alleged illegal religious activities in February. The judges attributed their decision partly to technical errors with the preparation of the police reports.

Civil Society

16. Protestant Pastors Lose Appeals

On June 27, Christian groups reported that the judges dismissed Protestant Pastor Antoni Bokun's two appeals and Polish Protestant Pastor Yaroslav Lukasik's deportation appeal. According to Bokun, it took the judge five minutes to hear the case of Bokun's complaint about police abuse during his arrest on June 3. With no follow-up questions, the judge upheld lower court's verdict not to overturn Bokun's three-day arrest and charges of leading unsanctioned religious services at his home. On June 26, authorities denied Lukasik's appeal over his deportation from Belarus for the alleged threat presented to the national security of the country. The judge reportedly did not allow Lukasik's lawyer to represent him at court, and only police officers testified.

17. Leftist Union to Hold Second Founding Convention

On June 25, independent media reported that three opposition left-wing parties plan to hold a second founding convention to establish an alliance and obtain official registration. The Belarusian Party of Communists, Women's Party 'Nadzeya,' and the Belarusian Social-Democratic Party Gramada founded the Union of Left Parties (ULP) at a conference in Chernigov, Ukraine, on December 17, 2006 after the GOB did not allow them to meet in Belarus. The Belarusian Ministry of Justice (MOJ) rejected ULP's registration application and issued warnings for holding the conference abroad. The parties now want to comply with MOJ requirements by holding a second founding convention in Belarus. As of June 29, the parties had not determined the date of the conference.

18. Opposition Requests Permission for Kozulin Rally

On June 23, members of the Belarusian Social Democratic Party (BSDP) applied to the local governments of Brest and Vitebsk for permission to hold a rally on July 10 to protest the imprisonment of their chairman Aleksandr Kozulin. Kozulin was arrested in March 2006 while leading a march protesting the presidential election and was sentenced to 5.5 years in prison for charges of hooliganism and disturbing the peace, which the BSDP have said were politically motivated. BSDP hopes the rally will raise awareness among Belarusians about the international community's support for Kozulin's release. Vitebsk authorities rejected a previous BSDP application to rally, claiming that the location requested for the rally was reserved for another event. Authorities blocked a similar attempt by the BSDP in the eastern city of Mogilev to hold a picket for Kozulin's release.

19. Independent Trade Union Suffers Burglaries, Beating

On June 22, unknown burglars broke into the offices of the Belarus Radio and Electronics Workers Union (REWU) and stole property in the third such theft this year. The union's chair stated that the police have suspended their investigation of these cases due to a lack of suspects. He asserted that this suspension is a result of government complicity in the crimes as part of a crackdown on his independent trade union. The day before the office break-in, Alexander Beresnev, an active member of the REWU, was severely beaten and robbed in his workplace only days after writing a letter to the Presidential Administration to complain about the abuse of workers rights in his industry. He reported that during the beating he and his family were threatened with death if he did not cease writing letters.

110. GOB Establishes NGO 'Belaya Rus'

On June 22, Minsk authorities held a conference to establish the city chapter of the national NGO "Belaya Rus," following a number of founding conventions in the regions. Conference participants declared that their aim is to create the largest NGO in Belarus in order to link the government with the people who work to implement current policies. The NGO's official goals are to contribute to the building of a strong and prosperous Belarus, to ensure political and social stability, "to promote spiritual and moral development" based on the Belarusian ideology. State TV ideology officials, MPs, and university rectors joined the NGO's presiding board. Independent journalists were not allowed to observe the conference. Authorities convened a similar conference in the western city of Brest on June

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Society

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111. Blood Donors Protest Cuts of Social Benefits

On June 20, more than 1,500 blood donors in the eastern city of Mogilyov began a boycott of the city's blood transfusion centers to protest cuts of social benefits. The donors in Minsk and Brest also support the protest. Mogilyov donors threaten with an indefinite strike if the officials do not get in touch with them by July 1. A newly-adopted law ended blood donors' 50 percent discount for prosthetic dentistry and medicine purchases and cut their 40 percent pension raise. The protesters in Mogilyov dispersed flyers to inform the public about the cuts and also have plans to establish an organization to protect their rights and grant assistance to the donors nationwide.

112. Holocaust Conference for Children Held in Brest

On June 24, an annual four-day Holocaust conference for schoolchildren concluded in the southwestern city of Brest. The conference, called "Holocaust: Memory and Prevention," brought together 25 winners of regional conferences in Belarus, Russia, and Ukraine as well as educators and Holocaust studies centers' leaders.

Schoolchildren spoke on various topics, including lessons of the Holocaust and the Holocaust's place in history. Speakers presented reports about Jewish history of their resident area based on victims' Holocaust accounts. Participants also watched a documentary about the Brest Jewish ghetto, visited the Brest Fortress Memorial to commemorate the WWII victims and Holocaust massacre sites, and met with a Brest ghetto survivor.

Domestic Economy

¶13. Finance Ministry Announces USD 7.5 million Surplus

On June 22, the Belarusian Finance Ministry announced a budget surplus of USD 7.5 million in the first quarter of 2007, which represented 4.7 percent of the country's GDP during that period. Budget revenues were reported at USD 6.3 billion -- 43.6 percent of the 2007 revenue target. The annual budget for 2007 predicts revenues of USD 14.5 billion, expenditures of USD 15 billion, and a budget deficit 1.5 percent of the annual GDP.

¶14. Aggregate Income at USD 3.6 Billion

On June 22, Belarus' Statistics Ministry announced that Belarusian aggregate monetary income hit USD 3.6 billion between January and May 2007, up 17 percent from the 2006 total income figure. The portion of total income that came from salaries and wages as well as from social transfers declined 3 percent to 57.4 percent and .8 percent to 21.2 percent, respectively. The portion coming from entrepreneurial activity rose 3.6 percent to 19.6 percent, while the portion from property income remained constant at 1.8 percent of the total income. Of the total income, 78.6 percent was spent on goods and services, 15 percent was paid in taxes and given to charity, and 6.4 percent was invested in savings and foreign currencies. The average wage for April 2007 totaled 293 dollars, up 10.3 percent from April 2006, while the average pension amounted to 130 dollars, an increase of 13.2 percent.

International Trade and Investment

¶15. GOB Expects 1.9 billion in Foreign Investment

Citing an advance copy of Belarus' Economic Ministry's macroeconomic forecast, independent media reported that the GOB plans to attract at least USD 1.9 billion in foreign investment in 2008 -- the same level as in 2007 -- with foreign direct investment projected at USD 1 billion. The GOB ostensibly plans to facilitate foreign investment by improving the business climate, obtaining a sovereign credit rating, and increasing foreign investment in privatizing state enterprises. Moreover, the Economy Ministry plans to disburse loans provided by Austria, China, Italy and Arab countries and to continue selling its stakes in commercial banks in order to expand their resource base and provide more lending opportunities. In January-March 2007, foreign investment in Belarus rose 180 percent on the year to USD 1.2 billion. Foreign Direct Investment rose 60 percent over the first quarter of 2006 to USD 257 million.

Quote of the Week

¶16. On June 26, Marina Solodkina, Chair of the Knesset's Israel-Belarus Inter-parliamentary Friendship League, lamented Israel's "insufficient ties" with Minsk and offered the following

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praise for Belarus' environmental potential:

"Your country has a great future. Belarus is a promising state that is yet to prove its worth. In the condition of global warming, Belarus has a more advantageous geographic location than other states."

